

**LIFE, ACCIDENT AND HEALTH PRODUCER
INDIANA EXAMINATION CONTENT OUTLINE
160 QUESTIONS TOTAL
TIME LIMIT 2 hours 40 minutes
REVISED 9/21/2006**

II. INSURANCE BASICS

(21 QUESTIONS TOTAL)

A. The Very Basics

(3 QUESTIONS)

1. What is insurance
2. Understanding Risk
3. The Law of Large Numbers
4. Types of insurance companies
 - Lloyd's of London
 - Stock companies
 - Mutual companies
 - Fraternal
5. Reinsurance

B. Contract Law

(12 QUESTIONS)

13. What is a contract
14. The five essential parts of a contract
 - Offer
 - Acceptance
 - Consideration
 - Legal capacity
 - Legal purpose
15. Insurance Specifics
 - Who makes the offer
 - Who accepts the offer
 - What is each party's consideration
16. Defining truth
 - Warranties
 - Representations
 - Misrepresentations
 - Concealment
 - Material to the risk
 - Consequences of material misrepresentation on the application
17. Insurable Interest
18. Consent
19. When does coverage start
 - If no Interim Insuring Agreement is used
 - If an Interim Insuring Agreement is used
 - Conditional Receipts
 - Collecting the initial premium

- Explaining the Conditional Receipt

20. Policy delivery

- Agent's responsibilities
- Statement of Continued Good Health

21. Unique characteristics of insurance contracts

- Conditional
- Valued, Reimbursement & Service contracts
- Unilateral
- Adhesion
- Aleatory

22. Other contract terms

- Waiver
- Fraud

23. Insurance law & the Agent/Producer

- The Agent/Producer
- The Agency Agreement/ Contract
- The Agent's extending the insurance company's liability
- Agent's knowledge
- Agent vs. Broker

24. Powers of Agency

- Expressed authority
- Implied authority
- Apparent authority

C. Underwriting Basics

(6 QUESTIONS)

1. What is underwriting
2. Why is underwriting necessary
3. Relationship between risk and premiums charged
4. Sources of insurability information
 - Application
 - Making changes on the application
 - Consequence of an incomplete application (blanks)
 - Required signatures on the application
 - Agent/Producer's reports
 - Medical information & medical exams
 - The Medical Information Bureau (MIB) and disclosures
 - Attending Physician's reports
 - Credit reports
 - Fair Credit Reporting Act & mandatory disclosures
 - Inspection reports
5. Selection & Classification Factors
 - Age
 - Gender (sex)
 - Tobacco usage
 - Occupation
 - Avocation, etc.

6. AIDS, HIV & Underwriting
7. Classification of Risks & Effects on premiums charged
 - Preferred
 - Standard
 - Substandard
 - Declined
8. Gross Premium factors
 - Risk (Mortality and Morbidity)
 - Interest
 - Expense
9. Net Premium
10. Premium Modes
 - Effect on Premiums

III. TYPES OF LIFE INSURANCE POLICIES (16 QUESTIONS TOTAL)

A. Term Life Insurance (2-3 QUESTIONS)

1. Level Term
2. Decreasing Term
3. Increasing Term
4. Renewable Term
5. Convertible Term
6. Level Premium Term
7. Maturity
8. Taxation

B. Whole Life Insurance (3-4 QUESTIONS)

1. Permanent Protection
2. Cash value
 - Guaranteed growth of Cash Value
 - Taxation
 - Policy loans and interest charged
3. Level premium payments
4. Methods of Premium Payment
 - Single Premium
 - Limited-Pay
 - Continuous Premium/Straight Life
5. Maturity
6. Taxation

C. Adjustable Life Insurance (0-1 QUESTION)

1. Factors that can be adjusted
 - Amount of death protection
 - Amount of premium
 - Type of plan (Term versus Whole Life)

2. Advantages and Disadvantages

D. Variable Whole Life Insurance (0-1 QUESTION)

1. A securities version of Whole Life insurance
2. The Separate Investment Account (as opposed to the General Account)
3. Additional licensing is required to sell securities products
 - National Association of Securities Dealers (NASD)

E. Universal Life Insurance (3-4 QUESTIONS)

1. Permanent Protection
2. Policy design and structure
3. Annual management fees
4. Death benefit options
5. Flexible premium options
6. Cash accumulation options
 - Cash value growth on an interest sensitive basis
 - Tax deferred growth
 - Partial surrenders
 - Tax consequences of partial surrenders
 - Policy loans
7. Waiver of Premium vs. Waiver of Cost of Insurance
8. Taxation

F. Variable Universal Life Insurance (0-1 QUESTION)

1. A securities version of Universal Life insurance
2. Special securities licensing requirements (NASD)

G. Interest Sensitive Whole Life Insurance (0-1 QUESTION)

H. Equity Indexed Life Insurance (1 QUESTION)

I. Joint Life Insurance (0-1 QUESTION)

1. Number of Insureds
2. First to die

J. Survivorship Life Insurance (0-1 QUESTION)

1. Number of Insureds
2. Last to die

K. Family (Protection) Policy (0-1 QUESTION)

1. Policy structure
2. Who are the insureds
3. Newborns and adopted children
4. Premium factors

L. Other Life Insurance Policy Types (0-1 QUESTION)

1. Modified Life
2. Graded Premium Whole Life
3. Re-Entry Term
4. Juvenile Life

5. Credit Life

M. Modified Endowment Contracts (MEC)

(1 QUESTION)

1. IRS Definition/ Seven-Pay test
2. Taxation
3. 10% Penalty for early withdrawal
4. Age 59 ½ Rule

IV. ANNUITY CONTRACTS

(7 QUESTIONS TOTAL)

A. Concept of an Annuity

B. The Accumulation (pay-in) Period vs. the Annuity (pay-out/liquidation) Period

C. The Pay-In Period

1. Who controls policy
2. Premium payment options
3. Cash value grows tax deferred
4. Penalty for contract surrender prior to age 59 ½
 - Exceptions
5. May be surrender charges for early withdrawals
6. Tax consequences of policy surrender
7. Consequences of policyowner death during the pay-in period
 - Taxation

D. The Pay-Out Period

1. Age 59 ½ Rule
2. Choices
 - Take the Money
 - Annuity Certain
 - Life Annuity
3. Annuity Certain
 - Fixed Period
 - Fixed Amount
4. Life Annuity
 - Who controls policy
 - Policyowner becomes the Annuitant
 - Annuitant(s) will receive a life income
 - Annuitant can name a beneficiary should there be any installment payments made after the death of the Annuitant.
 - Exclusion Ratio
 - Pay out choices include:
 - Straight Life (or Life Only) Annuity
 - Life Annuity with Period Certain
 - Refund Life Annuity
 - Joint and Survivor Life Annuity

E. Types of Annuities

1. Fixed Dollar (Conventional) Annuity-General Account
2. Variable Annuity-Separate Account-NASD license required
3. Equity Indexed Annuity

F. Other Annuity Terms

1. Immediate vs. Deferred Annuity
2. Single Premium vs. Level Premium vs. Flexible Premium payment plans

V. LIFE INSURANCE POLICY PROVISIONS (8 QUESTIONS TOTAL)**A. Required Provisions (5-6 QUESTIONS)**

1. Entire Contract/ Changes Clause
2. Insuring Clause
3. Premium Payment Clause
4. Incontestable Clause
5. Misstatement of Age and Sex Clause
6. Grace Period Clause
7. Reinstatement Clause
8. Ownership Clause
9. Assignment Clause
10. Loan Values and Automatic Premium Loan (APL) Provision
11. Time Limit on Lawsuits
12. Methods of Settlement
13. The Practice of Back-Dating
14. Application of State Law
15. Free Look Provision

B. Discretionary Provisions (Exclusions) (0-1 QUESTION)

1. Suicide Clause
2. Hazardous Occupation (or Hobby/Avocation) Clause

C. Beneficiary Designations (2 QUESTIONS)

1. Policyowner can name and change beneficiary designations
2. Primary and Contingent beneficiaries
3. Revocable and Irrevocable designations
4. The Estate as beneficiary
5. A Trust as beneficiary
6. Minors (children) as beneficiaries
7. Uniform Simultaneous Death Act
 - Common Disaster Provision
8. Naming Beneficiaries
 - Per capita
 - Per stirpes
9. Spendthrift Clause

VI. LIFE INSURANCE POLICY OPTIONS

(7 QUESTIONS TOTAL)

A. Dividend Options

(1-2 QUESTIONS)

1. What are Policy Dividends
2. Taxation
3. Options:
 - Cash
 - Reduction of Premium
 - Accumulate at Interest
 - Paid-Up Additions
 - One Year Term
 - Paid-Up Life

B. Nonforfeiture Options

(2 QUESTIONS)

1. Purpose
2. Options:
 - Cash
 - Reduced Paid-Up insurance
 - Extended Term insurance
3. Reinstatement

C. Settlement Options

(1-2 QUESTIONS)

1. Maturity
2. Options:
 - Cash
 - Interest
 - Fixed Period (Annuity Certain)
 - Fixed Amount (Annuity Certain)
 - Life Income (Life Annuity)
 - Straight Life (or Life Only) Annuity
 - Life Annuity with Period Certain
 - Refund Life Annuity
 - Joint and Survivor Life Annuity

D. Living Benefit Options

(1-2 QUESTIONS)

1. Accelerated Death Benefits
2. Viatical Settlements

- VI. LIFE INSURANCE POLICY RIDERS (4 QUESTIONS TOTAL)**
- A. Multiple Indemnity/Accidental Death rider
 - B. Guaranteed Insurability rider
 - C. Cost of Living rider
 - D. Waiver of Premium rider
 - E. Payor Benefit rider
 - F. Accelerated Death Benefit rider
 - G. Automatic Premium Loan rider
- VII. BUSINESS USES OF LIFE INSURANCE (1 QUESTION TOTAL)**
- A. Key Employee Life policies
 - B. Buy and Sell Agreements
 - C. Split Dollar plans
- VIII. QUALIFIED RETIREMENT PLANS (3 QUESTIONS TOTAL)**
- A. Qualified versus Nonqualified plans
 - B. Characteristics of qualified plans
 - C. Tax treatment of qualified plans and age limitations (59 ½ & 70 ½)
 - D. Penalty for premature withdrawals
 - 1. Exceptions
 - E. Defined Contribution plans versus Defined Benefit plans
 - F. Common types of Qualified Retirement plans
 - 1. 401 K plans
 - 2. 403 B Tax Sheltered Annuities (TSAs) for 501 C corporations
 - 3. Individual Retirement Accounts (IRAs)
 - 4. Roth IRAs
 - 5. Keogh (HR-10) plans
 - 6. Simplified Employee Pension (SEPs) plans
 - G. Plan Roll-Overs

IX. GROUP LIFE INSURANCE

(3 QUESTIONS TOTAL)

A. Group Insurance Concepts

B. Eligible Groups

1. Single Employers
2. Labor Unions
3. Associations
4. Credit Unions
5. Creditors (Credit Life Insurance)
6. Multiple Employer Trusts (METs)
7. Multiple Employer Welfare Arrangements (MEWAs)

C. The Group Contract

1. Master Contract
2. Individual Certificates of Insurance

D. Group Underwriting

1. Experience rating vs. Community rating
2. Reduced Adverse Selection
3. Group Risk Selection
4. Purpose of the Group
5. Eligible Members
6. No discrimination
7. Contributory vs. Non-Contributory
8. Turnover

E. Reduced Administrative Costs

F. Life Conversion Privileges

X. GOVERNMENT INSURANCE - SOCIAL SECURITY (1 QUESTION TOTAL)

A. Social Security Retire Income Benefit

1. Who is Eligible for income benefits
2. Currently Insured vs. Fully Insured status
3. Benefits based on Primary Insurance Amount (PIA)
4. Blackout Period

XI. HEALTH INSURANCE BASICS

(14 QUESTIONS TOTAL)

A. Definitions of Key Terms

(6-8 QUESTIONS)

12. Insuring Clause
13. Consideration Clause
14. Free Look Provision
15. Probationary (Waiting) Periods
16. Elimination Periods
17. Definition of Perils
 - Accident
 - Sickness
 - Activities of Daily Living (ADLs)
18. Deductibles
 - Dollar Deductibles
 - Time Deductibles (Elimination Periods)
19. Policy Renewal Provisions
 - Noncancellable
 - Guaranteed Renewable
 - Conditionally Renewable
 - Optionally Renewable
 - Cancellable
 - Term (Period of Time)
20. Preexisting Conditions
21. Coinsurance
22. Common Exclusions
 - War
 - Active military duty
 - Intentionally self-inflicted injuries
 - Participation in a felony
 - Preexisting conditions
 - Uncomplicated pregnancy and childbirth
 - Alcoholism or drug addition
 - Mental illness
 - Elective Cosmetic surgery
 - Routine physical examinations
 - Convalescent, custodial or rest care
 - Workers Compensation claims

B. Common Health Insurance Riders

(1-2 QUESTIONS)

1. Impairment Rider
2. Guaranteed Insurability Rider
3. Multiple Indemnity Rider (AD&D)

C. Major Health Insurance Providers

(3-4 QUESTIONS)

6. Stock and Mutual insurance companies
7. Blue Cross and Blue Shield companies
8. Health Maintenance Organizations (HMOs)
9. Preferred Provider Organizations (PPOs)
10. Multiple Employer Trusts (METs)
11. Multiple Employer Welfare Associations (MEWAs)
12. Federal and State Governments
13. Workers Compensation Plans
9. Health Savings Accounts (HSAs)

D. Tax Treatment of Health Benefits

(1-2 QUESTIONS)

E. Occupational vs. Nonoccupational Coverages

(0-1 QUESTION)

▪ **DISABILITY INCOME INSURANCE**

(4 QUESTIONS TOTAL)

H. Characteristics of Disability Income Policies

8. Who is the insured
9. How are benefits paid
10. How long are benefits paid
11. To whom are benefits paid
12. Triggers for benefit payments
13. Elimination Periods
14. Taxation of Disability Income benefits

I. Underwriting

J. Benefit Limits

K. Definitions of Total Disability

1. Own Occupation
2. Any Occupation
3. Presumptive Total Disability

L. Definitions of “Partial” Disability

1. Partial Disability Benefits
2. Residual Disability Benefits

M. Other Disability Income Provisions

1. Recurrent Disability
2. Waiver of Premium

N. Business Applications of Disability Income Policies

1. Business Overhead Expense policies
2. Key Employee Disability Income Policies
3. Disability Buy-Sell (Business Disability Buyout) policies
4. Group Disability Income policies

XIII. MEDICAL EXPENSE POLICIES

(6 QUESTIONS TOTAL)

A. Characteristics of Medical Expense Policies (2 QUESTIONS)

7. Pays medical bills (doctors, hospitals, drugs, etc.)
8. Insureds
9. Deductibles and coinsurance requirements
10. Probationary (Waiting) periods
11. Taxation
12. Concept of “Managed Care”

B. Types of Plans (3 QUESTIONS)

1. Basic Plans (Hospital, Medical & Surgical)
2. Major Medical Policy characteristics
 - Catastrophic Coverages
 - Dollar Deductibles
 - Eligible Expenses-Usual, necessary and customary
 - Coinsurance/cost sharing
 - Per Person Maximum Benefit Limits
 - Common Exclusions
 - Calculate a simple Major Medical Claim

C. Medical Expense (1 QUESTION)

5. Assignment of Benefits
6. Rights of Conversion
7. Rights of Newborn and Adopted Children
8. Rights of Dependent Children

XIV. SENIOR CITIZEN POLICIES

(6 QUESTIONS TOTAL)

A. Long Term Care (LTCs) Policies (2-3 QUESTIONS)

7. Purpose
8. Types of Benefits paid
9. Standard Provisions
10. Minimum Benefit Period
11. Levels of Care
 - Skilled Nursing Care
 - Intermediate Care
 - Custodial or Residential Care
 - Home Health Care
 - Adult Day Care
 - Respite Care
12. LTC Disclosure and Performance Standards
 - Preexisting Condition Limits
 - 30-Day Free Look Provision
 - Outline of Coverages
 - Policy Summary

D. Medicare Supplement Policies (MSPs) (2-3 QUESTIONS)

1. Purpose
2. Eligibility
3. Standard Provisions
4. Required Forms of Renewability
5. Nonduplication of Coverages
6. Probationary Period limits
7. Benefit Limits
8. Twelve Standardized Plans A-L
9. MSP Disclosure and Performance Standards

E. LTC and MSP Marketing Requirements (0-1 QUESTION)

1. Suitability
2. Nonduplication of Coverage
3. Policy Summaries, Outlines of Coverage & Buyers Guides
4. Notices Regarding Policy Replacements
5. Permitted Compensation Arrangements

i. ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) POLICIES (1 Q)

C. Conditions For Payment Of The Death Claim (Principal Sum)

D. Accidental Dismemberment (Capital Sum)

XVI. LIMITED HEALTH POLICIES (1 QUESTION TOTAL)

A. Hospital Indemnity policies

B. Prescription Drug policies

C. Dread Disease policies

D. Dental Expense policies

E. Vision Care policies

XVII. UNIFORM INDIVIDUAL HEALTH POLICY PROVISIONS (8 Q TOTAL)

E. The Required Provisions

13. Entire Contract/Changes
14. Time Limit on Certain Defenses or Incontestable
15. Grace Period
16. Reinstatement
17. Notice of Claim
18. Claim Forms
19. Proof of Loss
20. Time of Payment of Claims
21. Payment of Claims
22. Physical Examination and Autopsy
23. Legal Action
24. Change of Beneficiary
13. Relation of Earning to Insurance: Average Earnings

F. The Optional Policy Provisions

1. Change of Occupation
2. Misstatement of Age
3. Illegal Occupation
4. Other Insurance in this Insurer
5. Insurance with Other Insurers: Expense Incurred Basis
6. Insurance with Other Insurers: Other Benefits
7. Unpaid Premium
8. Cancellation
9. Conformity with State Statutes
10. Intoxicants and Narcotics

XVIII. GROUP HEALTH (6 QUESTIONS TOTAL)

C. Key Concepts

1. Medical exam requirements
2. Occupational Losses
3. Maternity Benefit requirements
4. Rights of Dependent Children
5. Preexisting Conditions limitations
6. Changing insurance companies - no loss/ no gain
7. Coordination of Benefits clause
 - Primary vs. Secondary coverages
 - Simple Claim Problem

D. Portability Issues

1. COBRA
2. HIPAA

XIX. GOVERNMENT SOCIAL SECURITY HEALTH CARE (3 Q TOTAL)

D. Medicare Title 18

3. Eligibility
4. Four Coverage Parts
 - Automatic Part A Hospital
 - Optional Part B Medical
 - Optional Part C Medicare + Choice
 - Optional Part D Drug Benefit
 - Premium requirements

E. Medicaid Title 19

5. Eligibility
6. Benefits
7. Funding
8. Administration

F. Social Security Disability Income benefits (SSDI)

1. Definition of Total Disability
5. Triggers
6. Duration of benefits
7. Benefits based on your PIA

**XX. STATE OF INDIANA
GENERAL INSURANCE REGULATIONS**

(24 QUESTIONS TOTAL)

B. Department of Insurance

(6 QUESTIONS)

1. Insurance Commissioner
 - Appointment by Governor
 - Member of NAIC
 - Powers
 - Duties
2. Admission of Insurance Companies
 - Certificate of Authority
 - Admitted versus Non-Admitted companies
 - Domestic, Foreign & Alien companies
3. Examination of Admitted Insurance Companies
 - Frequency of fiscal examinations
 - Waiving examinations of Foreign & Alien companies
5. Insurance Guaranty Associations
 - Purpose
 - Policy benefits that are guaranteed

B. Licensing Laws

(11 QUESTIONS)

7. Types of Insurance Licenses, Eligibility Requirements & Powers and Duties
 - Resident Producer
 - Nonresident Producer
 - Temporary Producer
 - Consultant
 - Limited Lines
 - Flight
 - Baggage
 - Title
 - Credit
 - Funeral Directors
8. Who must be licensed
 - Solicit, negotiate or sell contracts of insurance
9. Producer qualifications and the licensing process
10. Insurance Company: Producer appointments and termination

11. Duties of a Producer

- License application process, examination, and fees for obtaining a license
- Controlled Business
- Acting as a Consultant
- Fees and commissions

12. Producer's License Maintenance

- Producer notification requirements for change of business **or** residential address
- License renewal process
- Continuing Education requirements
- *Sircon* license & C/E tracking system
 - Producer Responsibilities

C. Producer/Company Compliance

(6 QUESTIONS)

4. Producer Licensing Law & Violations

5. Unfair Competition Law & Violations

6. Definitions

- Twisting
- Rebating
- Sharing commissions with an unlicensed person
- Unfair discrimination

4. Complaint process

- Time frame for hearings

5. Penalties/Disciplinary Actions

- Penalty for violating Licensing law
- Penalty for violating Unfair Competition Law
- Penalty for violating Cease and Desist Orders
- Criminal violations

D. Claims

(1 QUESTION)

3. When must claims be paid

4. Unfair Claim Settlement Practices

XXI. LIFE REGULATIONS

(8 TOTAL QUESTIONS)

A. Policies and Contracts

(4 QUESTIONS)

1. Policy Provisions
2. Underwriting Restrictions
3. Right to Examine (10 Day Free Look)
4. Payment of Claims
5. Interest on Loans
6. Interest on Death Benefits
7. AIDS & HIV
8. Accelerated Death Benefits
9. Viatical Settlements

C. Marketing Practices

(3 QUESTIONS)

1. Advertising
2. Solicitation
 - Purpose
 - Documentation
 - Buyer's Guide and Policy Summary
 - Duties of Producers
3. Replacement
 - Definition of Replacement
 - Purpose
 - Free Look
 - Duties of Producers
 - Duties of Companies

D. Group Life

(1 QUESTION)

1. Eligible Groups
2. Conversion Rights to Individual Policy

XXII. HEALTH REGULATIONS

(8 TOTAL QUESTIONS)

D. Health Insurance Contracts

(3 QUESTIONS)

1. Standard Provisions in Medical Expense and Disability Income Policies
 - Individual Provisions
 - Group Provisions
2. Required Coverages
 - Mammogram coverage
3. Underwriting Restrictions

4. Rights of Dependent Children
 - Newborns and adopted children
 - Limiting age
 - Handicapped children
 - Adopted children

5. Advertising

E. Specialized Coverage (2 QUESTIONS)

5. Indiana Comprehensive Health Insurance Association (ICHIA)
6. Indiana Small Group Health
7. Group Coordination of Benefits
8. Children's Health Insurance Program (CHIP)

F. Long Term Care and Medicare Supplement Policies (3 QUESTIONS)

6. Provisions
 - Free Look
 - Length of coverage
 - Pre-existing conditions, etc.
7. Standards for Marketing
8. Replacement
9. Producer's Duties
10. Long Term Care Partnership Program (LTCP)